

Chapter 18

COMMITMENTS

18-1. Background. The accounting for allotments and operating budgets is generally done in four distinct stages. These four stages, which collectively make up gross commitments are as follows:

a. Commitments. The initial certified earmarking of specific funds and amounts for designated obligations as prescribed in DFAS-DE 7000.5-R (formerly AFR 170-13) and covered in this chapter.

b. Undelivered Orders Outstanding (UOO). The documented order obligating the Air Force to procure materiel, assets, or contracts for services as prescribed in DFAS-DE 7000.4-R (formerly AFR 170-8) and covered in chapter 19.

c. Accrued Expenditures Unpaid (AEU). The documented liability incurred for the receipt of materiel, assets, or services as prescribed in DoDFMR, volume 4 (formerly AFR 177-11) and chapter 20.

d. Accrued Expenditures Paid (AEP). The actual vouchered payment for the materiel, assets, or services as well as subsequent refunds that are recorded as reverse AEP. The AEP stage completes the transaction cycle and is covered in chapter 21.

18-2. Commitment Policy. Uniform Air Force criteria for administering and accounting for commitments and commitments for contingent liabilities are in DFAS-DE 7000.5-R (formerly AFR 170-13). This regulation sets the standards for determining amounts of commitments and adequate documentary support. Guidance in DFAS-DE 7000.5-R supersedes any conflicting instructions in this regulation on commitment accounting or on setting up standards to determine the amounts of commitments and adequacy of documentary support.

18-3. Definition of Terms:

a. Commitment. A specific amount of currently available funds that are reserved for funding specified obligations and which authorizes the creation of an obligation without further recourse to the official responsible for certifying availability of funds. Commitments are based on firm requisitions, purchase requests, documents requiring start of actual procurement actions, or other authorized written evidence that indicates intention to incur obligations.

b. Contingent Liabilities. A potential liability that is related to a transaction or event and may or may not become an actual liability depending upon a future event. The uncertainty as to whether there will be a legal liability differentiates a contingent from an actual liability.

c. Outstanding Commitment (Unobligated Commitment). Commitments against a specific appropriation or fund account, or any subdivision thereof, which at any given time have been neither obligated nor canceled.

d. Gross Commitments. The sum of outstanding or unobligated commitments, undelivered orders outstanding, accrued expenditures unpaid, and accrued expenditures paid.

18-4. Source Documents. Source documents are basic administrative or legal papers authorizing or evidencing a transaction such as contracts, purchase orders, receiving reports, purchase requests, issue slips, disbursement and/or collection vouchers, etc. Source documents show the complete major accounting classification of funds to be charged as prescribed in AFMAN 65-604 (formerly AFR 172-1, volume IV). AF Form 616, Request and Authority to Cite Funds, is a commitment document.

18-5. Document Flow. As transactions (or portions thereof) move from one stage to the next, reverse the amount recorded for the transaction (or portions) in the previous stage. For example, when a purchase order (obligation) is received for an unobligated commitment, reverse the amount recorded for the purchase request (commitment) and record UOO in the amount of the purchase order.

a. Some transactions may not flow through all four stages of processing. A transaction may be recorded first at any one of the commitment stages, UOO, AEU, or AEP. Do not record any previous stage for these transactions; for example, if a transaction is first recorded as an AEP, do not record a commitment, UOO, or AEU for the transaction.

b. Some transactions may bypass one or more of the processing stages. For example, an unobligated commitment may flow to AEU (bypass UOO), or a UOO may flow to AEP (bypass AEU), etc. Do not record bypassed stages for these transactions.

18-6. Documentation Requirement. Acceptable evidence of the existence of a commitment must meet all of the criteria in DFAS-DE 7000.5-R (formerly AFR 170-13). All entries in the accounting and/or control records must be supported by valid documentation.

18-7. Accounting for Commitments. Posting commitments in the accounting and/or control records decreases the balance of funds available for certification. Post commitments promptly to keep a current accurate uncommitted balance for later certifications of fund availability.

a. File the documents that commit funds of the operating budget authority so as to maintain control of the documents until they are individually accounted for in UOO or expense. Each SMA may use a file for each OBAN. Keep a control register of commitment documents entered in, or removed from, the file for example, by obligation, cancellation, etc. Check this file and SMA obligations at least quarterly to make sure that the commitments moved to obligation status do not exceed the cumulative quarterly fund authorizations. Document imprest cash funds (gross) in this file as committed amounts.

b. See DFAS-DE 7000.5-R for commitment requirements pertaining to contingent liabilities.

18-8. Qualified Certifications. DFAS-DE 7000.5-R prescribes that qualified certifications may be used for all annual appropriations made available on a cumulative quarterly basis. Some procurement transactions require a long lead time for the contracting officer to perform preliminary procurement actions. When this happens, the AFO/OPLOC may be asked to certify fund availability on purchase orders or other documents before the quarter in which funds actually become available. If so, the AFO/OPLOC may use a qualified certification. When funding for a contract is phased by fiscal quarter in the operating budget authority, the AFO/OPLOC may certify the entire amount of the contract by preparing a certification (commitment) of available funds for the current quarter and separate qualified certifications for each later quarter affected. A qualified certification cannot be used to certify funds of the next fiscal year. The qualified certification must state: "I certify that funds will be available effective (insert date) unless you are advised to the contrary before that date." The AFO/OPLOC must make any revision or revocation in writing and present it to the holder of the qualified certification before the effective date. The effective date is the first day of the appropriate quarter. The originator of the purchase request or other document shows on the document, the quarter against which the requirement is programmed for obligation. Documents so certified are not commitments on certification. However, the AFO/OPLOC must control and review these documents before the effective date. Certification of fund availability in excess of cumulative authority is prohibited. Unless formally revoked by the AFO/OPLOC, documents thus certified automatically become commitments on the effective date and are processed as regular commitment documents.

18-9. Reconciliation and Validation. Reconcile unobligated commitment documents to ledger balances at least quarterly as prescribed in DFAS-DE 7000.5-R. Review unobligated commitments at least quarterly to confirm validity and cancel, adjust, move to obligation stage, or keep in present status as necessary. (In automated systems, use the open document listing to accomplish this reconciliation.) To verify commitments, AFO/OPLOC personnel should consider documentation available in the AFO/OPLOC, local experience, the type of procurement being requested, and lead time necessary to contract. Verification may require contacting the contracting activity or other obligating authority, particularly if there has been an unusual delay in conversion to obligations, or when the verification cannot be made from documentation in the AFO/OPLOC. Commitments for quarterly phased funds may be canceled, except those recorded for contingent liabilities, when the obligating activity advises that funds cannot be obligated before the end of the current quarter and it is necessary to free current quarter funds for higher priority requirements. A qualified certification must then be issued to ensure that funds will be available at the beginning of the next quarter (see DFAS-DE 7000.5-R). Funds from canceled commitments will then be available to activities having a requirement of the current quarter, thus resulting in improved fund use. Work papers and records associated with these verifications must be retained for audit.